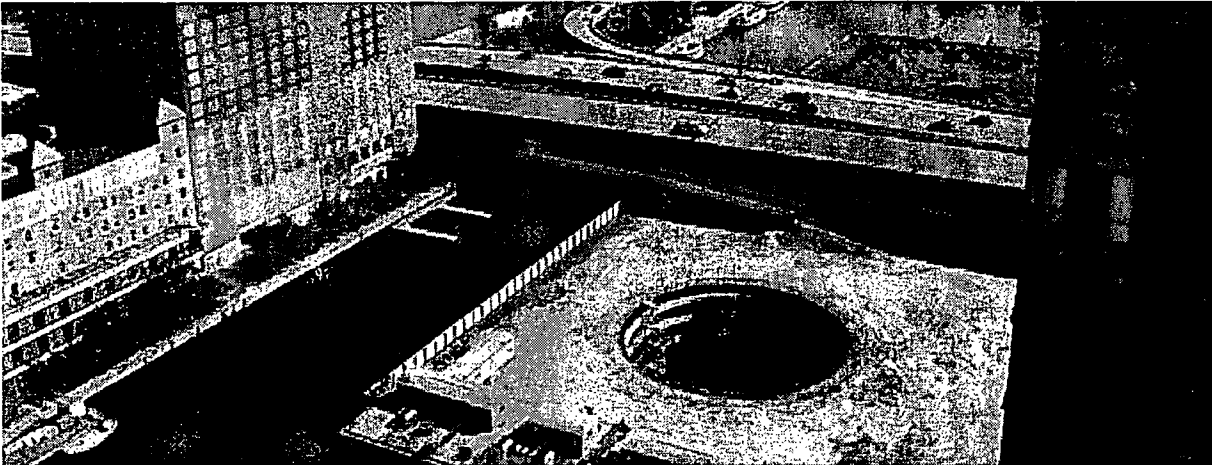




Chicago Spire developer loses control of site

By Mary Ellen Podmolik

Posted yesterday at 3:23 p.m.



A view of the uncompleted Spire development's foundation, Sep. 17, 2010. (Chris Walker/Chicago Tribune)

Irish developer Garrett Kelleher's company has lost control of the site on which he expected to build the Chicago Spire.

A Cook County Circuit Court judge has granted a request by Anglo Irish Bank Corp. Ltd., the lender to Kelleher's Shelbourne North Water Street L.P., and appointed a receiver for the infamous hole in the ground that was supposed to become a twisting skyscraper addition to the city's skyline.

Meanwhile, two local firms have purchased the delinquent property taxes on the stalled development site at 400 N. Lake Shore Drive, setting up a process for the bank or others to redeem the taxes.

Unlike receivers appointed for ongoing business concerns like the Block 37 retail development on Chicago's State Street, the job of the Spire's receiver, Stephen Bell of CB Richard Ellis, is more limited. "My job is to manage the property for the court while the two parties proceed with their foreclosure," Bell said Tuesday. "It's simply a vacant parcel and my job is to watch it."

Bell will receive \$250 an hour, or not more than \$1,200 a month, to serve as receiver and may engage CB Richard Ellis for additional services at a rate of \$1,395 per month. Bell was appointed receiver at a court hearing last Thursday.

Contractors' mechanics Liens began accumulating against Shelbourne more than two years ago and in September, Lorig Construction Co., a concrete firm that built on-off ramps at the site, filed a lawsuit to foreclose on Shelbourne in an effort to get the \$512,000 it said it is owed. In

response, Anglo Irish filed its own foreclosure suit Oct. 1, saying it was owed \$77.3 million, and sought a receiver for the site and its sale.

In a court filing arguing against the appointment of a receiver, Shelbourne said it owed Anglo \$69.5 million. But Shelbourne also argued that it is the best candidate for maintaining the property as well as for finding a buyer for the site.

“The most probable outcome of this action is that a third party will buy the note in this matter and that third party is most likely to be found by the respondent,” the filing said.

In September, the delinquent second installment of 2008 property taxes for the three real estate parcels that encompass the Spire property were sold and Monday, the first installment of 2009 property taxes were paid. The purchasers were FNA Elm LLC and Wellington Investments LLC, which together paid more than \$312,000.

Anyone with an interest in the property has two years to redeem the taxes and protect their interest in the property. If no one steps forward, the purchasers could go through the legal process of taking title to the site.

Calls placed to FNA Elm and Wellington were not immediately returned.

In its court filing made in early November, Shelbourne said both it and Anglo have sought information about the cost of redeeming the taxes. Shelbourne also noted that when it could not cover certain expenses, including the payment of real estate taxes, it asked Anglo to pay the taxes. Thomas Murphy, an attorney for Shelbourne, did not immediately return a phone call for comment.

Shelbourne said it also owes delinquent association dues of \$20,000 to City Front Center East Maintenance Association.

According to county records, the equalized assessed value of the largest portion of the property was cut in half last year, to \$2 million.